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10/772,530	02/04/2004	Alan Tien	2043.150US1	5406
49845 7590 11/25/2011 SCHWEGMAN, LUNDBERG & WOESSNER/EBAY P.O. BOX 2938 MINNEAPOLIS, MN 55402				
EXAMINER LE, KHANH H				
ART UNIT 3682		PAPER NUMBER		
NOTIFICATION DATE 11/25/2011		DELIVERY MODE ELECTRONIC		

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

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request@slwip.com

# Office Action Summary

Application No.

10/772,530

Applicant(s)

TIEN ET AL.

Examiner

KHANH LE

Art Unit

3682

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 08/29/2011.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1-22 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-22 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

## Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

## Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SB-08)  
Paper No(s)/Mail Date \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: \_\_\_\_\_

### **DETAILED ACTION**

1. This Office Action is responsive to the correspondence filed 08/29/2011. Claims 1-22 were and remain pending. Claims 1 (method), 11 (system), 21 (computer readable medium) and 22 (system) are independent and amended.

#### ***Claim Rejections - 35 USC § 112***

2. The previous rejection of Claims 1-22 under 35 U.S.C. 112, first paragraph, are withdrawn following their amendment that overcame the rejection.

#### ***Claim Rejections - 35 USC § 112***

3a. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

3b. The previous rejections of Claims 1-22 under 35 U.S.C. 112, second paragraph, are withdrawn following their amendment that overcame the rejection.

3c. Claims 2, 5-6, 9, 12, 15-16, and 19 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claims 2, 5-6, 9, 12, 15-16, 19: “the plurality of bonus programs” lacks antecedent basis since there is no plurality of bonus programs in the independent claims. (Dependent claims are rejected based on their dependency).

3d. **Claims 1-22 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.**

**Claims 1, 11, 21, 22:** last line, typographical error (confirmed with Ms. Karen Kaufman, for Applicants, on 11/28/11): “the user” should be “the referrer”.

All dependent claims of the above are rejected based on their dependency.

Appropriate correction is required.

***Claim Rejections - 35 USC § 103***

4a. The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

**4b. Claims 1-22 are rejected under 35 U.S.C. 103(a) as being unpatentable over Perri, US 2001/0020231 in view of Nosek US 7,191,151 (Nosek), Rowe US 2002/0151359 (Rowe), Warren US 2003/0101131 (Warren), and further in view of Cohagan US 7856377.**

**Claims 1-3, 8, 10, 11-13, 18, 20, 21, 22:**

**Perri US 2001/0020231** discloses computer assisted multi-level marketing compensation method wherein a message is sent from a first party to a second party, wherein the message includes a link to a processor (at which second party can sign up for a service) and the link has the first party identifier **so the first party can be automatically compensated** for specified activities of the 2<sup>nd</sup> party (see abstract, [0072], [0077]-[0079]). The referral message can be an email with links or a link on an ad banner posted on the website of a referring party (Figure 11, [0077]). Perri discloses the compensation of 1<sup>st</sup> party is for the 2<sup>nd</sup> party signing up to open an account (which can be an affiliate account, a shopping account or other service account, see [0079]).

**Perri discloses the compensation of 1<sup>st</sup> party is for the 2<sup>nd</sup> party signing up to open a account (which can be an affiliate account, a shopping account or other service account, see [0079]) but Perri does not specifically disclose the compensation of 1<sup>st</sup> party is for the 2<sup>nd</sup> party signing up to open a payment account.**

**Claim interpretation:**

It is interpreted a payment service is a service which enables buyers and sellers to make and receive payment for transacted merchandise. (Specification at [0002]), such as PayPal ( Specification at [0023]).

As stated above commissions for referring a 2nd party to open an account is taught by Perri. The account could be a shopping account **or other service account**, see Perri, [0079]). Activities associated the account earns rewards for the referrer (Perri).

**Payment service systems are known before invention time, e.g. Nosek US 7191151 assigned to Paypal discloses such service** (see Nosek, abstract).

**As stated earlier, any business, payment service businesses need to attract clients, in this case merchants.** Thus it would have been obvious to one having ordinary skill in the art at the time of the invention (herein a "PHOSITA") to add the incentives given to referrers of any service, as taught by Perri, to payment service systems such as Nosek, so to incent referrers to make referrals of merchants to sign up for the payment service.

Also, "[w]hen a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability. For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the

technique is obvious unless its actual application is beyond his or her skill.” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007) at 417 (emphasis added).

The last sentence describes our case. There was, the Court continued, no need for the district court to “seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” *Id.*”

**Here a method of compensation for referring clients to a service is taught by Perri. Market forces clearly show that on line payment services, as all businesses, need clients (merchants).** As reasoned in *KSR*, if a technique (here commissions for referrals) has been used to improve a device or process ( signing up for a service, as taught in Perri), and a person of ordinary skill in the art would recognize that it would improve similar devices or processes (here a payment service) in the same way, using the technique is obvious unless its actual application is beyond his or her skill.” Here simple common sense dictates that the results would be predictable, i.e. that the referrers would be incented to refer the payment service to merchants.

(As stated earlier during prosecution, contrary to argument, the Examiner sees no conflict among the references. The Perri’s purchaser pays a merchant, thereby increasing the merchants revenues. The award to the referrer is based thereon. Similarly a payment service (e.g. Paypal disclosed by e.g. Nosek) makes money (transaction fees, usually paid customers-merchants (see Nosek , col. 2 lines 15-22). Thus payment services such as Paypal would want merchants to set up Paypal accounts, because every time their accounts are paid, Paypal makes money. Thus Paypal would award referrers of its service, just as done in Perri.

Perri teaches automatically awarding the referrer for specified activities of the 2nd party (see abstract, [0072], [0077]-[0079]). Paypal is an automated transfer of funds between the parties, i.e. Paypal is paid automatically when merchants accounts are credited. There is no conflict combining Nosek (Paypal) to Perri: if the second parties in Nosek are the customers-merchants, when their accounts are paid into, Paypal is automatically paid, and there is no reason

why in view of Perri, **the referrers to Paypal cannot be paid automatically (upon payments into the merchants accounts since Paypal is also paid automatically)).**

**Neither Perri nor Nosek teaches multi level rewards with initial hurdles and payouts, however Rowe, US 20020151359** in a casino player activity scheme, imposes requisites for qualifying for one or more awards. Players activities are tracked and player accounts reflect their activities (abstract). To be eligible for a particular prize a player has to have a certain level of points “(and thus associated play) which may be necessary to qualify for that prize.”

( See [0039]:

*“For example, in the event the casino employs a reward program where various prizes are awarded for levels of points (such as a first prize for a first minimum number of points, another prize for a higher minimum number of points, etc.), then information regarding the number of points necessary for particular plateaus or prizes may be detailed. In this manner, a player may determine their eligibility for a particular prize, or the level of additional points (and thus associated play) which may be necessary to qualify for that prize. “([0039]).*

Thus requiring a minimum amount or level of transactions (such as player plays or points in a casino context) ( i.e. an " initial hurdle") in order to give out a first prize (i.e. an " initial payout") corresponding to the minimum transaction level (" initial hurdle") is old and well-known, e.g. as taught by Rowe.

**Thus it would have been obvious to a skilled artisan** to add to Perri the differential levels of awards based on levels of performance as taught by Rowe, to allow encouraging different levels of performance. In this case, it would also have been obvious to a PHOSITA to add to Perri, the first minimum awards (“initial payout”) corresponding to first minimum level of performance (“ initial hurdle”) **as taught by Rowe**, to allow giving out the lowest level of reward upon achievement of a minimum performance. One reason for giving out such initial

payouts is to set a threshold of performance and rewards, to show a link between performance and rewards, yet to encourage further performance with an initial reward.

As stated in KSR, applying the technique of Rowe in the a payment service referrals situation would have been obvious because a person of ordinary skill in the art would recognize that it would improve similar processes (here the payment service) in the same way. Here simple common sense dictates that the results would be predictable, i.e. that the referrers would be incented, just as the players in Rowe, to refer the payment service to merchants.

**As to the initial hurdle being based on net sales of the second party, Official Notice is taken** that, before invention time, sales of many items, e.g. clothes or shoes, can be returned and that many salespeople, including middlepersons, earn commissions on such sales. It would thus have been obvious that commissions be based on net sales since sellers would not want to pay commissions on items that have not been sold (returned). Thus it would have been obvious to make the initial hurdle (i.e. an initial amount of sales ) being based on net sales of the second party, in the system of Perri et al., to protect the payment service, (against having to pay the first party) since the payment service would not be able to make money when the second party does not make a sale on returned items.

**Thus Perri, in view of Nosek, and Rowe and Official Notice as discussed above disclose:**

1. (Currently Amended) A method of incentivizing a first party to refer a payment service to a second party, the method including:

establishing an account of the second party where the second party is credited funds via the payment service, the account being associated with a bonus program (Perri in view of Nosek), (of a plurality of bonus programs, this limitation is that of claims 2, 12 8, 18, see Warren) , the bonus program including an identification of the first party as being the referrer of the second party (Perri);



receiving a payment for the second party via the payment service and crediting the payment to the account of the second party (Perri in view of Nosek: the second party being the merchant whose account is paid into and thereby earns Paypal fees, based on which the referrer earns his awards); and

wherein the first party is eligible to participate in a plurality of bonus programs (further in view of Warren).(Note: this is also limitation of claims 8 and 18; also of claims 2, 12); and

automatically awarding, using one or more processors, a payout to the first party based on the payment credited to the account for the second party (Perri in view of Nosek) and further based on satisfaction of a plurality of payout conditions of the bonus program that is associated with the account, the plurality of payout conditions including an initial hurdle and an initial payout (further in view of Rowe),

, the initial hurdle being based on net sales of the second party (further in view of Official Notice).

**Perri, in view of Nosek, and Rowe do not disclose:**  
the initial hurdle and the initial payout specified in a currency that is native to the referrer...the net sales denominated in a currency other than the currency that is native to the user.

**However in incentive programs Warren teaches awards recipients in an incentive program can choose from a plurality of bonus program choices including choices as to redemption methods. See [0065]: among many other choices, the rewards can be in cash or in points, and can be done by choosing to redeem from a particular customer service representative.**

It would have been obvious to add Warren to Perri, Nosek, and Rowe, to provide flexibility and convenience to the Perri's affiliate by allowing her to choose a preferred redemption method, such as in cash, and redeemed from a local customer service representative.

**Further, Cohagan US 7856377 teaches many possible variations on the rewards conditions and redemption methods based on geography.** (See abstract: "*The system is configured with one product platform with a modularized approach to facilitate the development of market specific rewards and communication materials. In different embodiments, the loyalty points may be earned within a specific geographic location, then redeemed in one geographic location, a subset of locations or without restrictions. Similarly, the loyalty points may be earned in one geographic location, a subset of locations or without restrictions, then redeemed only in a specific geographic location. The geographic area information may be associated with the consumer, merchant, processing system and/or any other part of the overall system. The system may also facilitate the earning and redemption of points based upon product and/or service type. The system may also incorporate a conversion module which may convert the value of the loyalty points or value of the products/services based on the geographic area exchange rates.*").

Since Cohagan teaches many combinations of methods for rewards earning and redeeming, e.g. the points (or their value) can be earned in any geographical area without restrictions ([0065]), and that the value of loyalty points can be exchanged into different currencies based on the geographic area exchange rates ([0065]), it would have been obvious to add Cohagan to Perri, Nosek, Rowe and Warren to allow a referrer in another country (than the country where the goods/services are sold by the second party) to conveniently obtain her rewards in her local (or national) currency as claimed.

Since Cohagan discloses "geographic area exchange rates", it is clear Cohagan envisions international sales types. In addition to the flexibility of choices of redemption methods taught by Warren, it would have been obvious, in the system of Perri et al., to add the teachings of Cohagan and Warren to allow the rewards earner the choice of receiving rewards in her local currency. This would read on a combination where the initial payout is being specified in a currency native to the referrer, while the net sales (based on which rewards are earned) are denominated in a currency other than the currency that is native to the referrer, as claimed.

**As to the initial hurdle being specified in a currency native to the referrer,** it would have been obvious, in the context of sales in different geographic areas, as taught by Cohagan, to provide such specification to clearly inform the referrer of the corresponding hurdle since a referrer/participant who is well informed of her goal (hurdle in the local currency) might be more focused on achieving it.

**(Independent claims 11 (system), 21 (computer readable medium) and 22 (system) have similar language than claim 1 and are thus rejected on the same basis).**

**Claims 4 and 14 (dependent on claims 1 and 11):**

Perri also discloses communicating the first identifier to the second party via the first party so the 1<sup>st</sup> party can be paid (i.e. reads on the first identifier is utilized by the second party to establish the account).

However Perri, in view of Nosek , Rowe and Warren do not specifically disclose communicating the second identifier (bonus program ID) to the second party via the first party, wherein the first identifier and the second identifier are utilized by the second party to establish the account.

However, as discussed above, Warren adds to Perri, in view of Nosek , and Rowe, satisfying the 1<sup>st</sup> party by giving her a choice of reward plans. In that case, it would have been obvious to a PHOSITA that the 2<sup>nd</sup> identifier for the bonus program also would have to be communicated to 2<sup>nd</sup> party by 1<sup>st</sup> party so the second party can submit both identifiers when opening his or her account, so 1<sup>st</sup> party could be appropriately rewarded under her chosen reward program.

**Claims 5-6 and 15-16 (dependent on claims 1 and 11):**

Warren further discloses configuring the plurality of bonus programs (programs), wherein each bonus program includes a plurality of payout conditions

([0065]) wherein the plurality of payout conditions is based on at least one of an eligible volume, a payout rate, a payout period (Warren at [0065] discloses automatic redemption at a predetermined event which reads on for example an end of month thus a monthly payout period), and a maximum payout.

As discussed above, Warren was added to provide satisfaction to Perri's affiliate with rewards choices. Further addition of this known redemption method, as taught by Warren, to Perri, would only yield the predictable result of allowing redemption periodically thus would have been obvious at invention time.

**Claims 7 and 17 (dependent on claims 1 and 11):**

The Perri combination as above discussed, further discloses wherein the payout includes at least one of an initial payout (when 2<sup>nd</sup> party opens an account, and the initial hurdle is met, the 1<sup>st</sup> party is paid the initial payout).

**Claims 9 and 19 (dependent on claims 6 and 16):**

Perri further discloses wherein the plurality of bonus programs include an at least one of an unrestricted bonus program (Perri does not put restriction on who can join the affiliate rewards program thus reads on an unrestricted bonus program) and a restricted bonus program.

***Response to Arguments***

5. Applicant's arguments filed **08/29/2011** have been fully considered but they are not persuasive. The arguments are directed to the new limitations. Applicant argues that Rowe and Warren do not teach an initial hurdle and payout specified in a currency native to the referrer. Response p. 10. However Warren and Cohagan do. See the prior art discussion above pertaining to the new limitations.

***Conclusion***

6. King US 20020120497 PUB. DATE: August 29, 2002 teaches reward redemption programs where rewards are denominated in points and redeemable countries based on their different currencies. (ABSTRACT:

*A system and method for operating an awards redemption program having at least one customer where each customer has at least one participant and the program has award points redeemable for awards. Each customer creates a program profile defining at least one electronic catalog having at least one award selected from a collection of awards. Each participant accesses at least one of the electronic catalogs created by the customer associated with the participant in a language associated with the participant. Each participant requests an award redemption for at least one of the awards of the accessed electronic catalog. Each of the awards has a price in award points inclusive of charges associated with the redeeming participant. The award redemption requests are processed and fulfilled.*

*[0028] International customers with participants 128 in multiple countries have the ability to create the electronic catalogs for each country specified by the customer 126 so that the catalogs result in international redemptions capability.*

Lee, US 20030040990 teaches Method for disbursing account payable including foreign currencies.

7. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event,

however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

8. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Khanh H. Le whose telephone number is 571-272-6721. The Examiner works a part-time schedule and can normally be reached on Monday-Wednesday 9:00-6:00. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Boveja Namrata can be reached on 571-272-8105. The fax phone numbers for the organization where this application or proceeding is assigned are 571-273-8300 for regular communications and for After Final communications. Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 571-272-3600. For patent related correspondence, hand carry deliveries must be made to the Customer Service Window (now located at the Randolph Building, 401 Dulany Street, Alexandria, VA 22314).

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Khanh H. Le/

Primary Examiner, Art Unit 3682